

# **Gross National Happiness**

## **Improving Unsustainable Western Economic Systems**

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*(Presented at the GNH Conference in Thimphu, Bhutan, February 2004)*

Bhutan's interest in developing a Gross National Happiness index (GNH) reflects great wisdom. GNH is intended to be a more accurate measure of social well being than Gross National Product (GNP), the primary indicator of social well being in Western nations. GNP is a crude measure that counts many social negatives as positive (incarceration, etc.). It also fails to count services that enhance social well being (parents caring for children, etc.), degradation of critical assets (forests, water, air, etc.) and intangible factors, such as happiness (the ultimate goal of many people). It probably is no coincidence that Western economies are rapidly degrading environmental life support systems and making many unhappy (as indicated by growing obesity, anti-depressant drug use and other factors). What doesn't get measured doesn't get managed.

Developing GNH provides an opportunity for Bhutan to clarify economic and social priorities as it considers greater use of Western products and technologies. Developing countries often pay a high price for integrating with Western economies. Bhutan has many social strengths. It is one of the few regions where humans live in a sustainable or near sustainable manner. It also appears to have a high level of happiness (as indicated by lack of violence and other factors). The process of developing GNH can help Bhutan protect its strong culture by clarifying trade offs involved with Western integration. This clarification can show which development actions may or may not be worth it. In addition to maximizing the social well being of Bhutan, GNH will provide a more sophisticated and effective economic development and measurement model for other regions.

To help guide development of GNH, this paper analyzes Western economic systems. Drivers of environmental and social problems will be discussed with the goal of helping Bhutan avoid these pitfalls. The paper then suggests a strategy for developing GNH as well as the economic and social programs that would underlie it.

### **WESTERN ECONOMIC SYSTEMS**

Western economic systems have produced great improvements in many areas including technology, medicine and the provision of essential and non-essential goods and services. However, as industrial economies continue to grow in a finite world the overall impact is increasingly negative. Inefficient use of resources, high levels of pollution and numerous social disruptions resulting from industrialization have caused human society to be grossly unsustainable.

Studies by the World Resources Institute and many others show that, with some regional exceptions, every life support system on the planet is in decline (ie: clean air, clean water, forests, topsoil, aquifers, fisheries, wetlands, biodiversity, etc.). Social pressure and turmoil are increasing around the world, driven by population growth, a widening gap between rich and poor and other factors. Social distress is evident even in prosperous regions. Americans, for example, medicate themselves with food (two thirds are overweight, one third are obese), television (four hours per day on average), and anti-depressant drugs (rapidly growing use).

## **Systems Perspective**

Unsustainability is driven largely by the failure to adopt and act from a systems perspective. A cell cannot survive apart from the body. So the relevant perspective for human health is at the total body level. In the same way, a human cannot survive apart from the Earth. So the relevant perspective for human survival and prosperity is global. Every person, plant, animal and thing on this planet is part of one interconnected system. This total system is too complex for any one person to understand. As a result, systems are broken into parts (reductionism) and studied in isolation rather than in relation to each other.

Modern economic and business theories were developed from this limited perspective. Firms are seen as being separate from each other and the rest of society. It is believed that they must compete with each other for scarce resources. Modern economic theory also says profits must grow indefinitely. Failure to grow equals death. However, in the real world, failure to restrain growth equals death. Encouraging subcomponents of a system to compete with each other and grow indefinitely is analogous to cancer in the human body. Ultimately, the cancer kills the host, then dies itself. Despite the best of intentions, this is exactly what modern economic systems are doing to the Earth.

This shortsighted action on the part of humans is completely understandable. Nearly all academic knowledge has been developed from the perspective of the individual human mind (since that is the mechanism doing the contemplating). However, as noted above, this is not the relevant perspective for human survival and prosperity. The wisdom of Buddhism is in seeing beyond the illusion that the individual is separate from the rest of the world (fostered by the five senses) to the reality that everything is interconnected (a reality being shown by quantum physics and other branches of science). Through the experience of millions, Buddhism and other traditional religions have shown that expanding one's perspective from being an isolated individual to being part of one interconnected system leads to a more fulfilling, sustainable and effective existence.

The wisdom of Buddhism is as relevant for business and other human organizations as it is for the individual. Businesses actually are part of one interconnected system (whether they realize it or not). Raising business consciousness means helping firms understand and act upon this knowledge of interconnectedness. From this perspective, firms maximize their own well being by working to maximize the well being of the overall system. (A paper called *Total Corporate Responsibility* by this author describes a model by which firms can improve financial performance through adoption of a systems perspective.)

## **Short-Term Thinking**

Another key element of perspective is time frame. To the individual human mind, seventy years seems like a long time. But from the perspective of this planet (again, the relevant perspective for human survival and prosperity), seventy years is almost instantaneous. From the human perspective, firms competing with each other and generating some negative environmental and social impacts appears rational and acceptable, though perhaps suboptimal. However, from a global perspective, this action is irrational and suicidal. Seen from a larger perspective, business (as currently operated) appears to be a cancer on the planet.

Another illusion caused by the short human time frame is the idea of one person or business prospering relative to another. Under the current economic system, it is thought that groups of people and firms can prosper relative to others. In the short-term, this appears to be true. But if this "prospering" destroys the environmental and social systems that support humanity over the long-term, are these groups really prospering? This would be like dining in a luxury cabin on the Titanic as it sinks.

It is more realistic to think of human prosperity from the perspective of the human race over the long-term rather than from the individual perspective. Thinking from the individual perspective would be like thinking from the perspective of a cell in the body. In reality, the cell can only prosper if the body prospers. It is the same for humans in relation to the Earth – humans can only prosper if the Earth prospers.

## **Natural Wisdom**

The short-term, narrow, survival-oriented perspective of the human mind is a key driver of unsustainability. From this perspective, it appears logical to maximize one's well being at the expense of others. However, as noted above, this "logic" is highly irrational when seen from a larger perspective. In a sense, the human ability to think has made humans the least intelligent creatures on the planet, as evidenced by the fact that life support systems are being destroyed while many are made unhappy.

All other creatures act on intuition and always do exactly the right thing, as evidenced by the fact that they are sustainable. Humanity has become quite arrogant. It is surrounded by infinitely greater intelligence, but nevertheless fails to recognize its lack of sophistication. The simplest of nature's creations is infinitely more complex than the greatest of human inventions. Humans have access to this level of wisdom through greater use of the intuitive function. Unfortunately, the so called rational, scientific human mind often discounts or discredits information which it does not understand, in part because of the human ego's need to understand and control.

More traditional cultures such as Bhutan that value contemplation have greater access to this intuitive wisdom, the wisdom of nature. Cultures such as these have lived sustainably for hundreds, even thousands of years, often with much higher levels of happiness (as indicated by family stability, lack of violence, etc.).

## **The US-Led Global Economy**

The global economy is led by a young and immature nation, the United States. Like most young people, the US culture values physical beauty, physical strength and youth. Whereas older, more mature cultures value the elderly, wisdom that comes from a life well lived, peaceful co-existence, and inner rather than outer prosperity.

The principles upon which the US was founded are excellent – for example that each person has the right to life, liberty and the pursuit of happiness. The US has brought great benefits to the world over the years in supporting peace, democracy and human rights. US-led advances in technology and medicine have also brought great benefits. However, the large negative environmental and social impacts of the US are less obvious, especially to many Americans.

It is clear that the Founders of the US believed the primary obligation of government was to protect and provide for future generations. The Founders often used the word posterity. In his inaugural address, Thomas Jefferson spoke of preserving the Union for the ten thousandth generation.

However, economic and political systems have evolved in such a way that the US and other Western governments are forced to focus on the short-term. In what appears to be a logical economic strategy (from a short-term perspective), the US-led global economy is damaging, and in some cases destroying, the environmental and social systems needed for long-term prosperity.

## **Western System Flaws Driving Unsustainability**

Perhaps the largest flaw of Western economic systems is the failure to hold firms fully responsible for their negative environmental and social impacts. Failing to hold firms responsible in a competitive market essentially forces them to be irresponsible and unsustainable. This occurs because firms attempting to fully mitigate impacts would probably put themselves out of business (costs would become too high relative to peers).

Given the immense complexity of the overall Earth system, it is understandable that firms are not held fully responsible. It is difficult to quantify negative impacts (especially intangible impacts) and include them in prices. Nevertheless, greater efforts must be made to hold firms fully accountable if human society ever hopes to achieve sustainability.

## **Economic System Flaws**

Economic system flaws include failure to incorporate externalities into prices, failure to consider limits to growth and the discount rate. Coal-fired electricity illustrates one of many failures to incorporate externalities into prices. It is known that burning coal causes premature deaths, various types of illness, birth defects (from mercury), acid rain damaged forests and many other negative impacts. These are real costs paid by society that are not included in electricity prices. This creates the illusion that coal-fired electricity is cheap, when it actually may be the most expensive form of power generation. This subsidization of coal (and other fossil fuels) causes over-consumption and significantly drives humanity's unsustainable state. From society's perspective, it is inefficient to not incorporate externalities into prices since it is usually much more expensive to clean up pollution than to prevent it (assuming clean up is even possible).

Failure to consider limits to growth illustrates the simplistic and unsophisticated nature of human economic theories and systems. Natural systems are infinitely more sophisticated than human systems. Modeling human economic systems after nature would make humanity sustainable. In nature, systems such as forests grow then level off, forming a sustainable balance with other systems. The idea that a business or national economy should grow indefinitely in a finite world is unrealistic. A more sophisticated economic system would recognize that firms also have optimal sizes. Companies would be rewarded for achieving and maintaining optimal size. Growth beyond this would be penalized.

The discount rate is based on the idea that money is more valuable today than in the future. This is of course true in the sense that today's money can be invested and earn a return. However, this concept also says that tangible assets (forests, clean air, clean water, etc.) are well as intangible assets (human life, quality of life, etc) have lower value as time goes on. In other words, the discount rate says people today are worth more than those in the future. Beyond fifty years or so, the discount rate says most people and things are nearly worthless. As a result, when making economic decisions at the firm and national level, business and political leaders are often compelled to act as if their grandchildren are nearly worthless. The overall goal of an economic system should be to maximize the well being of society over the long-term. The discount rate is one of many system flaws causing Western economic systems to work in opposition to this goal.

## **Political Systems Flaws**

Political system flaws include the ability of companies to financially influence politicians (in effect, bribery). When politicians must rely on funding from corporations and their owners to get elected, the government becomes primarily focused on serving short-term corporate ends. This focus is illustrated by an 1872 mining law in the US that allows companies to buy rights to minerals on Federal lands for five

dollars an acre. For many years, firms have lobbied and provided funding to politicians who vote to maintain this law. As a result, Chevron was able to pay \$10,000 for rights to platinum and palladium worth an estimated \$30 billion on 2,000 acres near Yellowstone Park.

Natural resources belong to current and future citizens, not to government. The government is supposed to manage resources fairly on behalf of owners by selling them at market prices. When government receives campaign contributions from firms then sells resources to these firms at deep discounts, it lowers revenues that could have been used to reduce income taxes.

Another major political/legal system flaw is the limited liability corporate structure. This structure is intended to facilitate corporate investment by not holding firms and their owners fully responsible for negative impacts on society. As a result, taxpayers often must pay to remediate environmental and social problems caused by firms. As noted above, this process is grossly inefficient since remediation is virtually always far more expensive than prevention. Also as noted above, failing to hold firms responsible essentially forces them to be irresponsible.

The government is supposed to hold firms fully responsible when they negatively impact society, in the same way that government holds individuals responsible when they commit crimes. However, when firms are allowed to give money to politicians and when legal findings limit corporate and investor liability, it becomes impossible to hold firms fully responsible. This causes many negative impacts on society, such as over-consumption of resources (from under-pricing), increased pollution and related public health impacts (from not holding firms fully responsible for the negative impacts of pollution), and corporate welfare.

Corporate welfare occurs when taxpayers must pay for the negative impacts of firms and when national resources are sold below market value. Allowing these policies implements a reverse Robin Hood situation where wealth is taken from poor and middle-income taxpayers and given to the wealthy. Ending the ability of anyone to financially influence politicians and implementing complete public funding of political campaigns would make it much more difficult for companies to avoid being held responsible. It also would reduce taxes more than any other tax reduction activity. For example, ending the thousands of corporate welfare abuses, such as the Chevron example above, probably would reduce taxes in the range of hundreds of billions of dollars.

## **Social System Flaws**

System flaws in the social area include the largely unregulated ability of firms to influence public opinion and values through advertising and media. Being focused on maximizing sales and earnings, companies view citizens primarily as consumers of goods and services. Advertising is used to create a perceived need and prompt a purchase. This is frequently done by taking advantage of human needs for self esteem, love and connection to others. Advertisements often use strong emotional appeals to imply purchasing a product will meet these non-material needs.

A common and intended consequence of advertising is that consumers feel inadequate without the product. Widespread use of this type of advertising creates a pervasive sense of emptiness and low self esteem in society. Emotionally false advertising does not tell consumers that non-material needs are met through activities such as being a good spouse, parent and neighbor, doing fulfilling work or being in nature, since firms don't make money on this. Conventional advertising is one of the most destructive influences in society. It is a root cause of increasing compulsive behavior and depression.

With overwhelming financial resources, relative to other stakeholder groups, and control of many media outlets, firms have the ability to unfairly influence and mislead public opinion. The Founders of the

United States were concerned about this abuse of power. They often spoke of the evils of democracy. The Founders were concerned that the uninformed public could be whipsawed by sound bites. As a result, they structured the country to be a republic, where politicians study complex issues and make expert decisions on behalf of current and future generations, rather than a democracy, where the uninformed majority rules, often through opinion polls.

Because politicians are often seen as serving corporate interests rather than the public good, they do not receive the public trust and support needed to make tough decisions. In this environment, public opinion is highly vulnerable to corporate misinformation campaigns. In pursuit of profit maximization, some firms seek to confuse the public about key issues in an effort to avoid being held responsible for their negative impacts. A good example is when oil companies publish ads questioning the reality of climate change, even though nearly all scientists not receiving funding from firms agree climate change is largely induced by human activities and will have significant negative impacts on society.

### **Gross National Product**

Another flaw of Western economic systems is the method of measuring social well being (GNP). In all fairness, GNP was never intended to be a measure of overall social well being. Instead, it was intended to be a measure of economic growth. Western economic theory holds that economic growth will enhance social well being. In some ways this is true, for example when basic human needs are better met. However, GNP is an incomplete measure. It does not account for the environmental and social degradations that often accompany economic development.

Economic growth is intended to be the means to the end of social well being. However, as society focuses on what is being measured, the means become the end. In other words, Western nations make the mistake of equating economic growth to social well being.

Social well being is a complex measure consisting of many tangible and intangible factors. The measure cannot be reduced to one quantitative, monetized number. GNP is a misleading indicator of social well being because it counts growth of many social negatives as positive, such as incarceration, medical costs, anti-depressant use, environmental damage and related remediation, etc. The measure also does not value many of the services which contribute most to social well being, such as parenting, mentoring and volunteer work.

GNP also fails as a measure of social well being since it does not account for assets. Businesses gauge financial condition and performance by using a balance sheet and income statement. Using GNP to measure social well being (or even economic performance) would be like a firm using only an income statement to measure financial condition. A more accurate indicator of social well being would decline when assets, such as forests, clean air and clean water, are consumed. Finally GNP fails as an indicator of social well being since it does not measure intangibles, such as inner peace and happiness (factors that many consider to be the ultimate goal of life).

It is critical that an alternative to GNP be developed in large part because society tends to manage what is measured. If humanity does not measure the state of its life support systems or the happiness of people, these issues will continue to be low priority (in relation to what is measured – GNP). Failing to measure environmental and social conditions will drive further declines and cause humanity to become even more unsustainable.

### **DEVELOPING AND IMPLEMENTING GROSS NATIONAL HAPPINESS**

In perhaps the most important areas, Bhutan appears to be ahead of many Western nations. The country is one of the few regions where humans live at or near a sustainable level. In addition, the country seems to have higher levels of happiness as measured by family stability, lack of violence and other metrics. However, life is hard for many Bhutanese. Western technology, products and know how could help improve living conditions and better meet basic needs in many cases. The difficult part will be gaining these benefits while avoiding the environmental and social degradations that nearly always accompany Western style development.

Development is a misleading word since it implies improvement. Countries often wind up worse off in many ways from their exposure to Western ideas, marketing, technology and business practices. For example, Western business models force companies to focus primarily on growth. To increase sales, advertising is used to get people to buy products, often by making them feel inadequate without the product. In many cases, this type of advertising causes young people in developing countries to lose interest in their parents' values – values that have sustained these cultures for many years. As a result, young people often move from villages to cities where they frequently cannot find work. Through this process, advertising and Western media can cause social degradation by divorcing a country from its traditional values.

Economic development is often prompted by Western corporations seeking new markets and new sources of raw materials. Financial institutions, such as the World Bank, provide funding for infrastructure construction, which in turn provides revenues to Western firms. To pay off debt, developing countries are often compelled to adopt an export-oriented economy, which is usually built upon export of their natural resources. Through corruption, weak legal systems and intense economic pressure, countries often wind up selling their resources for much less than market value. This infrastructure-debt-export cycle can cause living conditions to worsen as economies shift from meeting internal needs to generating foreign exchange through exports. In addition, this process frequently results in severe environmental degradation and disruption of indigenous cultures.

GNH can be the measurement component of an overall plan to maximize social well being. The first step in developing GNH would be to identify a preferred society in the greatest detail possible. This information would be used to identify the relevant components and metrics of GNH. Finally, a practical plan for achieving GNH goals would be developed and implemented.

### **Establishing Goals**

With input from all stakeholder groups in Bhutan, the components and goals of a preferred society should be identified. Social goals and priorities are implicitly known and conveyed through cultural processes in Bhutan. However, it will be important to make these goals more specific as Bhutan considers development. Having more specific social goals and priorities will help Bhutan decide which development actions would actually enhance social well being, rather than degrade it.

Social goals should be established in great detail. The process would comprehensively look at all tangible and intangible aspects of society. Goals would be established in areas including education, health care, housing, clothing, food and nutrition, shelter, environmental and habitat protection, parents spending time with and raising children, arts, business practices, infrastructure, legal and regulatory issues, reported levels of happiness, etc.

This process could be achieved through various mechanisms. For example, an interdisciplinary group of experts might develop a report that addresses all these issues and makes proposals over the short, mid and long-term. This would serve as a starting point for dialogue among Bhutanese stakeholder groups. Over time, a consensus document could be produced that would guide development of GNH.

## **Developing GNH Metrics**

Using the ideal state defined above, specific metrics can be identified to measure performance on every tangible and intangible aspect of social well being. For each metric, current performance would be quantified and short, mid and long-term goals would be established. This process may be highly complex as many intangible factors will be difficult to quantify. As a result, proxies will be needed to track performance for some intangible factors.

Complexity will be further increased by the likely need to develop alternative means of measuring success. Literacy and education provide good examples of this. Illiteracy is high in Bhutan. This would be seen as bad from a Western perspective. However, Bhutanese children may be far better educated on the most important aspects of life than American children. Bhutanese children spend much more time with their parents. In doing so, they learn cultural values, social skills, and the agricultural and other skills needed to sustain them over their lives.

In the US education system, children must learn the same set of knowledge (math, science, English, etc.). A competitive grading system teaches children to see peers as obstacles to their success (which weakens social skills). It also makes children feel inadequate if they are not good at a subject in which they may have no interest. This system encourages conformity, rather than encouraging children to find their own unique passions and interests, then build their lives upon them.

In addition, children are made to sit for up to seven hours per day, five days per week and listen to an adult talk to them, something few adults would want to do. Children are meant to be moving around and learning by doing. To an increasing degree, when children won't sit still in class (ie: when they act naturally), they are given drugs like Ritalin that numb their minds into obedience and passivity. Giving drugs to a young developing mind may permanently impair brain function.

Add to this obesity, drug use, teenage pregnancy, depression, suicide and weak academic performance relative to other nations and it appears Bhutanese children are far better educated than American children. This illustrates why it is critical to identify the preferred state of society and use this to guide selection of performance metrics. Simply accepting Western social performance standards might be a mistake.

Once metrics and performance standards have been established, they can be assembled into an overall GNH measure. Rather than attempting to render the state of society down to one number like GNP, GNH would provide a suite of performance indicators. The performance of society is highly complex and needs to be expressed on many dimensions. By following this approach, GNH would be an accurate measure of social well being.

## **Developing a Strategy to Achieve GNH Goals**

The above process of identifying ideal and actual social performance will reveal performance gaps. Through a stakeholder dialogue process, these gaps can be prioritized. This process could be expedited if the expert report noted above contained suggestions for prioritizing areas needing improvement. Again, this report could serve as a basis for initiating stakeholder dialogue.

A specific action plan for maximizing GNH cannot be developed until social performance gaps are identified and prioritized. Once these are established, the following guidelines may be useful in developing a successful plan.

***Minimize the Need for Foreign Exchange.*** As noted above, less developed countries often pay a high environmental and social price for incurring debt and developing an export-oriented economy. This is why it is important to understand the trade offs that would occur from importing Western products and technology. Development strategies should be focused on getting the benefits of Western technology and products without having to pay high social costs. For example, rather than importing products, Bhutan may be able to work with other parties to build low cost factories that produce the desired products in Bhutan. This would create jobs and minimize import costs, thus reducing the need for foreign exchange.

Because Bhutan would be developing a more effective and sustainable economic system that could be used as a model by other nations, it is likely that several parties would help in this process. For example, foundations, non-governmental organizations, high net worth individuals, national governments and/or other organizations probably would provide some funding for such projects. These organizations could also help in developing creative strategies for minimizing the cost of factory construction and sourcing raw materials.

An emphasis should be placed on allowing only products and technologies that are environmentally and socially responsible. Priority probably should also be given to essential goods and services, rather than non-essential items. Areas to consider might include renewable energy, housing, organic agriculture and foods, clothing, medical care, etc.

***Develop More Effective and Sustainable Business Models.*** In the West, especially the US, the means have become the ends. Society appears to be focused on helping business prosper (as indicated by the short-term focus of government, the corruption of social values through advertising and many other factors). However, business is meant to serve society rather than dominate it.

Guiding principles, laws and regulations should be established to ensure that business always serves rather than dominates Bhutan. These principles should ensure that business is always held fully responsible for negative environmental and social impacts. If quantification of impacts is difficult (as it might be with intangible social impacts), a panel of unbiased experts would estimate the cost and include this in prices. In this way, being fully responsible would be the profit maximizing path. As noted above, not holding firms responsible forces them to be irresponsible.

Another key guiding principle is that there should be no pressure for businesses to grow. Instead, firms should be incentivized to seek optimal size and become more efficient over time. This process could be modeled after the infinitely more sophisticated natural systems of which humanity is a part. In nature, systems grow then level off, achieving an optimal balance with other systems. Of course, it is much simpler to say firms should always grow. But this simplicity is destructive. The more difficult and sophisticated approach is to take a systems view and determine firms' optimal roles and sizes in the region(s) they serve.

In addition, as firms become more efficient, they should be delivering more value at a lower cost. This implies the ideal state for a business whose size has stabilized would be to have revenues declining. This raises concerns about the ability to attract investment. However, these and other problems can be solved if solving them becomes a priority for society. Nature is amazingly sophisticated and complex. Being part of nature, humans have the ability to replace their overly simplistic and destructive economic and business systems with ones that are more sophisticated and sustainable.

***Prohibit Western Style Advertising.*** The primary goal of Western nations is economic growth (as indicated by the focus of government and business and by the method used to measure success – GNP). To achieve economic growth, businesses must continually sell more goods and services. To not do so is to die in Western economic systems. To continually increase sales, businesses use advertising to compel

consumption. As noted above, this is often done by taking advantage of human needs for love, self-esteem and acceptance by peers. Cultural messages define what it means to be successful and how one can be accepted by peers. Traditionally these messages were communicated by parents and the larger community. Traditional cultural messages taught and encouraged young people to be honest, kind and respectful to elderly people.

Advertising takes advantage of the strong influence cultural messages have over the way people live their lives. It often seeks to redefine social standards for the purpose of selling products. Rather than encouraging young people to be fair, honest and respectful (something firms make no money on), advertising usually implies that the way to be successful and admired by peers is to buy and consume certain products. Ads often show attractive people having a good time by owning or consuming the advertised product.

In the US, children see an average of over 100,000 commercials and advertisements by the time they graduate from high school. Each of these is a mini sermon on the religion of materialism. They tell young people that the way to be accepted is to be attractive and to buy certain products. This drives an obsession with appearance, especially among young girls. This in turn drives depression, eating disorders, obesity, drug use and other compulsive behaviors. As noted above, advertising is probably the most destructive influence in Western society.

It is highly likely that Western advertising would be very destructive to the Bhutanese culture. Values are not fully formed until people mature. Therefore, young people are vulnerable to commercial messages that define success by appearance and material prosperity. The capacity for discernment and wisdom generally is acquired as one matures and goes through life experiences. Young people rely heavily on the five senses. As a result, it is often difficult for them to see the emptiness that lies behind a life based only on material prosperity. Because of this, every society should keep tight control over the cultural messages communicated to young people. Bhutan should guard against having their young peoples' values corrupted by commercial messages – messages designed to make them feel empty so they will buy something to fill the void.

If business has no artificially induced need to grow, then advertising is not needed to compel purchases. There are other ways to let people know that products and services are available. For example, public service announcements or honest advertising could be used. Honest advertising would simply describe product characteristics (features, price, performance, etc.). There would be no implicit or explicit suggestion that purchasing the product would enhance one's status in society.

Jealousy and competitiveness are characteristics of the immature, unwise, ego-based human mind. These characteristics would exist regardless of the presence of advertising. However, Western style advertising greatly increases these traits in society, and thereby greatly lowers social well being. As a result, Western style advertising should be prohibited in Bhutan.

***Infrastructure, Jobs, Barter.*** Other guidelines for development in Bhutan relate to infrastructure, jobs and barter. The Western development model often includes infrastructure development projects such as roads and railways. While these obviously provide benefits to society, there are also costs. For example, industrial nations often promote transportation enhancements in developing countries to facilitate resource extraction. This frequently leads to environment degradation. In addition, building roads can increase pressure to switch to an unsustainable fossil fuel-based economy.

This is not to suggest that Bhutan should not increase the comfort and convenience of its people. But only that it should carefully consider the costs and benefits of doing so. For example, it may decide that priority should be given to strong families, community-based living and inner prosperity. If this is the

case, then it may be better to pursue a slower infrastructure development path, rather than the aggressive path usually sought by Western nations.

To provide jobs, especially for young people, Bhutan might consider developing a conservation corps and other groups like those developed in the US during the New Deal. These would provide adventure and experience to young people. Projects might include environmental restoration and protection, some infrastructure development, sustainable agriculture and housing, etc.

Also, much good work has been done around the world in the development of sustainable business and economic models, such as those based on greater use of bartering. Bhutan should consider sustainable economic systems that have worked in other regions.

## CONCLUSION

Western economic systems are unsustainable because they were developed from a shortsighted reductionistic perspective. From a broader perspective, one sees that the economy and business are not separate from any other part of society or the total Earth system. From this perspective, it is understood that all impacts must be considered and factored into prices. This is true capitalism. The system now operating in the West is a destructive form of capitalism that sends grossly distorted price signals causing market players to make suboptimal, unsustainable purchase decisions.

Bhutan could greatly benefit other nations by demonstrating that it is possible to develop an economy based on a total system perspective. Wisdom must increase if humanity is to become sustainable. Wisdom involves recognizing that all things are interconnected and acting from this perspective. Bhutan can help Western nations recognize this by showing how a more effective and sustainable economy can be developed.

Western economies have demonstrated great creativity and progress in technology, medicine, business and other areas. In addition, Western nations have sacrificed greatly to support democracy, human rights and freedom from oppression and tyranny around the world. In the US, business and political leaders appear to be strongly committed to doing what is best for society. However, economic and political systems often force well-intentioned leaders to do the wrong thing for children, the environment and society overall.

Western economies are so large and entrenched that it will be difficult to improve their destructive, unsustainable systems. However, these systems can only negatively impact the environmental and social realms for so long before there is a price to pay. There is no free lunch. Sooner or later system change will be forced upon Western nations if they cannot develop the wisdom to act first.

Change is difficult. People often defend a destructive system because uncertainty is frightening to the human ego. It feels safer to stick with a destructive, familiar system rather than to deal with the uncertainty involved in trying to improve it. Frequently people will irrationally defend a destructive system by pointing out its benefits. It is as if they are saying Western economic systems should be allowed to continue degrading life support systems and making people unhappy because they provide benefits.

There appears to be a profound lack of leadership wisdom, especially in the US (driven by the subjugation of leadership free will to the omnipresent need to maximize earnings and economic growth). Given the young and immature nature of the US, this is perhaps understandable as wisdom is acquired through age and maturity. It should be made clear however that there is great wisdom in the American people, as there was in the Founders of the US. Many US citizens strongly disagree with the policies of their

government. Unfortunately, at the highest levels of government and business, a simplistic corporate structure forces leaders to place short-term profits above all else and often not act on their best intentions. Wisdom is lacking in the US system, not in its people.

Reflecting this lack of wisdom, the US appears to be setting itself up to lose the war on terrorism, in the same way it lost the war on drugs. The US lost the war on drugs because it failed to address the demand side. It made strong efforts on the supply side (ie: eradicating crops and blocking drug shipments). But it failed to ask why so many Americans are so unhappy that they must take drugs to feel better. This would require some serious soul searching in America. It would require challenging the materialistic values upon which the US currently operates (many well intentioned people in the US often speak of traditional and family values, but the focus on economic growth causes materialistic values to dominate). Questioning the role that advertising plays in US society would threaten the economic growth model upon which the US is based. So it has not been done, yet.

In the war on terrorism, the US is making strong efforts on the supply side (ie: increasing military action against suspected terrorists and strengthening domestic security). However, worse than ignoring the demand side of terrorism, the US appears to be fanning the flames that cause it. The demand for terrorism relates to why so many people around the world do not like America. Of course some of these are irrational fanatics. But millions have legitimate grievances against the US. As noted above, US economic expansion has often caused environmental and social degradation in developing countries.

More recently, the US appears to be increasing the demand for terrorism in many ways. For example, being by far the world's largest polluter, it fails to enter global environmental protection treaties such as Kyoto. Through the World Trade Organization, it seeks to override the environmental and social protections and preferences of other nations. Also, as its corporations use advertising to expand into new regions, traditional cultures and values are disrupted and degraded. Even the strongest US allies are increasingly concerned about growing US unilateralism. Terrorism is a war that cannot be won by focusing only on the supply side. The US is setting itself up for disaster if it does not adopt a wiser, more sophisticated approach to economic development and global relations.

Bhutan also has problems. However, Bhutan appears to be more advanced in key areas than many Western nations – it is sustainable (or nearly so) and its people appear to be happier. GNH can help Bhutan address internal issues and further enhance social well being. Also, by developing GNH, Bhutan will show other nations that it is possible to organize society in a sustainable manner, a manner that reflects great wisdom.

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